MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2015/2016

DFA5018 – FINANCIAL ACCOUNTING 1

(For Diploma Students Only)

30th MAY 2016
2:30pm – 5:30pm
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **7** pages with **4** questions.
2. Write your answers in the answer booklet provided.
3. Answer ALL questions.

QUESTION 1

PART A

Accounting is an information system that *identifies, records* and *communicates* the economic events of an organization to interested users.

1. Analyzing and interpreting information.
2. Classifying economic events.
3. Explaining uses, meaning and limitations of data.
4. Selecting economic activities relevant to the company.

Instruction:

Based on above economic events occurred in Champs Tuition Centre, categorize the accounting tasks as either the identification (I), recording (R), or communication (C) aspects of accounting.

(2 Marks)

PART B

The Malaysian Accounting Standards Board (MASB) issued a revised FRS 101 Presentation of Financial Statements to guide accounting practitioners in the preparation and presentation of financial statements.

Instructions:

(a) Identify and briefly explain the FIVE (5) main elements of Financial Statements.

(5 Marks)

(b) The Financial Statements are prepared based on the economic transactions recorded using basic accounting equation. There are THREE (3) components in the accounting equation. Identify and provide ONE (1) example on each of the components.

(3 Marks)

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PART C

Bella Dance Studio Co., owns by Bella Luray, provides professional dance classes. During the first month of the business operation, the following events and transactions occurred.

Jan 1 Invested RM25,000 cash in the business.

1 Hired a full-time dance instructor at a salary of RM1,800 per month.

2 Paid studio rental for the month amounted RM300 in cash.

3 Paid a one-year insurance policy amounted RM1,200 in cash.

4 Purchased studio supplies from Taint Company amounted RM1,900. A cash payment of RM500 was made immediately; the remainder is to be paid at the end of this month.

10 Paid advertising expenses of RM100 in cash.

15 Provided a group dance class to the walk-in customers and received RM2,000 in cash.

20 Received RM1,500 cash in advance from a customer who joined as a member for a one-year programme.

25 Paid the dance instructor salary for the month amounted RM1,800 in cash.

31 Paid cash RM1,400 to Taint Company for the balance due from 4 January 2016.

Instructions:

(a) Journalize the above transactions. You may omit explanations. (10 Marks)

(b) Prepare the Trial Balance as at 31 January 2016. (5 Marks)

(TOTAL 25 MARKS)

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QUESTION 2

PART A

Malika Spa, owned by Malika Lee, opened for business on 1 January 2016. Its trial balance before adjustment at the end of the month as follows:

MALIKA SPA
Trial Balance
As at 31 January 2016

	Debit (RM)	Credit (RM)
Cash	14,300	
Account receivable	3,100	
Supplies	5,200	
Prepaid insurance	1,200	
Prepaid rent	12,000	
Furniture	6,400	
Spa Equipment	9,000	
Accounts payable		4,200
Unearned service revenue		2,700
Malika, Capital		45,000
Malika, Drawing	2,000	
Service revenue		4,000
Salaries Expense	1,600	
Utilities Expense	1,100	
	55,900	55,900

Below are economic transactions occurred at the end of the month:

1. Account on 31 January 2016 shows RM1,000 of supplies still on hand.
2. Received cash collection RM2,500 from customer for the amount due.
3. Insurance expires at the rate of RM100 per month.
4. Rent for the month expire amounted RM2,000.
5. Monthly depreciation of RM200 on furniture and RM500 on spa equipment.
6. Unearned service revenue of RM1,500 was earned prior to 31 January 2016.

Instructions:

(a) Journalize the adjusting entries above. You may omit explanations. (7 Marks)

(b) Prepare the Adjusted Trial Balance as at 31 January 2016. (11 Marks)

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PART B

Adjusted Trial Balance for Consulting Physician Company was prepared for the first quarter ended 31 March 2016.

CONSULTING PHYSICIAN COMPANY
Adjusted Trial Balance (1st Quarter)
As at 31 March 2016

	Debit (RM)	Credit (RM)
Cash	17,600	
Accounts receivable	3,200	
Supplies	2,600	
Prepaid insurance	1,350	
Office furniture	7,500	
Accumulated depreciation – office furniture		600
Accounts payable		4,100
Unearned consulting revenue		5,100
Owner's capital		20,000
Owner's drawings	1,500	
Consulting revenue		7,400
Salaries expense	2,700	
Supplies expense	400	
Depreciation expense – office furniture	200	
Insurance expense	150	
	37,200	37,200

Instructions:

Based on information above,

(a) Prepare the classified Statement of Financial Position as at 31 March 2016. (5 Marks)

(b) A worksheet is a temporary accounting records used in preparing adjusting entries and the financial statements. Lists the first FOUR (4) steps in preparing a worksheet.

(2 Marks)

(TOTAL 25 MARKS)

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QUESTION 3

PART A

Below is the Adjusted Trial Balance for Big Bowling Company, as at 30 June 2016.

BIG BOWLING COMPANY
Adjusted Trial Balance
As at 30 June 2016

	Debit (RM)		Credit (RM)
Cash	12,250	Accumulated depreciation - equipment	1,500
Accounts receivable	4,200	Accounts payable	3,100
Bowling supplies	2,450	Salaries payable	2,500
Prepaid insurance	600	Owner's capital	35,000
Equipment	24,000	Service revenue	10,100
Owner's drawings	1,100		
Bowling supplies expense	1,500		
Insurance expense	600		
Salaries expense	2,500		
Depreciation expense	250		
Rent expense	2,000		
Utility expense	750		
	52,200		52,200

Instructions:

(a) Prepare the Statement of Comprehensive Income for the month ended 30 June 2016. (4.5 Marks)

(b) Journalize the closing entries for the Big Bowling Company. (6.5 Marks)

(c) Prepare the post-closing Trial Balance as at 30 June 2016. (5 Marks)

PART B

Listed below are statements associated with basic assumptions, underlying principles and constraints.

1. The enterprise is separate from its owner and other entities.

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2. Only transaction data that can be expressed in terms of money should be included in accounting record.
3. The entity will continue indefinitely.
4. Record expenses in the period the related revenue is recognized.
5. The original transaction value upon acquisition.
6. All information that could affect decisions should be reported.
7. The life of an enterprise can be divided into artificial time periods.
8. Concerns the relative size of an item and its effect on decisions.

Instructions:

(a) Based on the conceptual framework of accounting under recognition and measurement concepts, identify each of the above statement with the correct terms under either basic assumptions, underlying principles or constraints.

(8 Marks)

(b) Provide ONE (1) reason for the development of a conceptual framework in accounting.

(1 Mark)

(TOTAL 25 MARKS)

QUESTION 4

PART A

Based on below procedures occurred in Liang Ly Company, identify which internal control principles has been violated.

1. Several individuals operate the cash register using the same register drawer.
2. Nobody checks the bank reconciliation prepared by the company's accountant.
3. As an initiative to save costs, all cashiers are not eligible for vacation leave.
4. Unnumbered sales invoices from credit sales are forwarded to the accounting department every two weeks for recording.
5. The store manager approves all payments before signing cheques.

(5 Marks)

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PART B

The following information related to Wave Sound Company.

1. Deposit in transit as at 31 July 2016 amounted RM2,500.
2. The bank made error by deducting RM300 for a cheque written by another company.
3. Total outstanding cheques amounted RM2,560 as below:

Cheque No.	Amount (RM)
110	530
111	620
112	480
113	930

4. EFT receipt of rent revenue amounted RM850.
5. Bank collected notes receivable amounted RM1,200.
6. Interest revenue earned on bank balance amounted RM25.
7. The company recorded cheque no.105 for RM517. The actual amount paid on account was RM175.
8. Bank service charges for the month of July 2016 totaled RM27.
9. NSF cheque from one of the customer, James Dean, RM450.
10. Cash account shows a balance of RM1,170 as at 31 July 2016.
11. Bank statement shows an ending balance of RM2,870 as at 31 July 2016.

Instructions:

(a) Prepare the bank reconciliation at 31 July 2016. (9 Marks)

(b) Journalize the entries required by the reconciliation. (6 Marks)

(c) Briefly explain any FIVE (5) applications of internal control principles related to safeguard cash disbursements process.

(5 Marks)

(TOTAL 25 MARKS)

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